



Board of Directors Regular Meeting

Wednesday, November 20, 2024

Virtual Meeting via Zoom

Members may participate in the regular board meetings via Zoom. The first part of the meeting is reserved for member questions and comments. For security purposes, staff will be checking Zoom identities so please use your first and last name or you may not be let into the meeting. Please follow the protocols listed below:

- Mute yourself unless talking,
- Use your first and last name in your Zoom identity,
- Chat if you have a question/comment and the monitor will put you in the queue,
- OPALCO's Policy 17 - Member Participation at OPALCO Meetings decorum must be followed.

The Zoom link will be updated monthly. Members can get the link to the meeting, submit any comments and questions in writing no less than 24 hours in advance of each meeting to: communications@opalco.com

Sequence of Events

- OPALCO Board Meeting
- Executive Session



Board of Directors
Regular Board Meeting
November 20, 2024, 8:30 A.M.*
Virtual Meeting via Zoom

**Time is approximate; if all Board members are present, the meeting may begin earlier or later than advertised. The Board President has the authority to modify the sequence of the agenda.*

WELCOME GUESTS/MEMBERS

Members attending the board meeting acknowledge that they may be recorded, and the recording posted to OPALCO's website. Members are expected to conduct themselves with civility and decorum, consistent with Member Service Policy 17. If you would like answers to specific questions, please email communications@opalco.com for post-meeting follow-up.

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EXECUTIVE SESSION

Legal, Personnel, Competitive, Other

ADJOURNMENT

ACTION ITEMS

Consent Agenda

All matters listed on the Consent Agenda are considered routine and will be enacted by one motion of the Board with no separate discussion. If separate discussion is desired, that item may be removed from the Consent Agenda and placed as an Action Item at the request of a Board member.

The Consent Agenda includes:

- **Minutes** of the previous meeting – attached.
- **Approval of New Members** – attached {as required by Bylaws Article I Section 2 (d)}

NEW MEMBERS – October 2024

District 1 (San Juan, Pearl, Henry, Brown, Spieden)

BERGERE, KRISTA
BESS, KIMBERLY & BESS, MICHEAL
BLACKTAIL BASS AN, D BEEF LLC & COHN,
ENZA
BOGAN, J MICHAEL
BORAHAN, SHELLY
CASELLAS, ERIN
CHAMPLIN, ANDREA
COMPUTER PLACE
COMPUTER PLACE OF, FRIDAY HARBR
DAVIS, CRYSTAL
ESHELMAN, SUSAN
FAHNDRICH, MANUEL & BACHMAN,
BARBARA
FLUGSTAD, CHRISTOPHER
HOOPER, AMY
INERGY WELLNESS L, LC
ISLAND FIXOLOGY L, LC
LARIZA, DON
MARIE, STEPHANIE
MUHIELDEEN, ABDELNASIR
NEMETH, DONNA & NEMETH, RICK
QUARRY RIDGE LLC
ROBERTS, ASHLEY & ROBERT, TYLER
SHORETT, SARAH
WAGNER, KELSEY
WASYLYSZYN, MARY
WUTHNOW, DONA

District 2 (Orcas, Armitage, Blakely, Obstruction, Double, Alegria, Fawn)

ALLEN, CLARK
BORRERO, BEAU & DAVIS BORRERO, HOLLY
BOURGOIN, BENJAMIN

BOWERBIRD BUILDER, S
FISHER, ASHLEE
FLANNERY, BRENDAN & FLANNERY,
MARTHA
FRIENDS OF ORCAS, SENIOR CENTER
HAYEK, SAMANTHA & ROGERS, ALEX
HENNING, JACQUI & DELLENBACK,
NICHOLAS
LARSON, JOSEPH & LARSON, KAREN
LUNDQUIST, GARY & BONNIE, LUNDQUIST
MEEHAN, KATE & DEWEY, PETER
MIN, SUSAN
MOUDRY, DARRELL & MOUDRY, PEARL
OLIVER, ELYN
RICHARDS, KENT
SIMS, MACKENZIE
SPARKS-DEMPSTER, ANNIE
WATERFRONT GALLERY
WESTBROOK, KRISTOFER & WESTBROOK,
ASHLEY

District 3 (Lopez, Center, Decatur, Charles)

FORTNUM, NATHAN
FOWLER, SAMUEL
FRIENDS OF LOPEZ, ISLAND POOL &
BERGSTROM, ROBIN
HOBEL, PHILLIP & HOBEL, MARY
LOWERY HOUSE LLC
MEJLAENDER, STEN & MEJLAENDER,
MARINA
SIME, ROBERT & RICHARDS, KEVIN
SPRING, JAMES & HEIDINGS-FELDER, DORIS
VELAZQUEZ, MIGUEL

District 4 (Shaw, Crane, Canoe, Bell)

No new members

**Capital Credits**

Staff requests payment of capital credits to the estates of the following deceased members and/or to organizations no longer in business by way of approval of the consent agenda:

NONE

RUS Form 219

Inventory of Work Orders of projects completed from the Construction Work Plan. These forms are submitted to RUS for approval of loan funds.

Inventory	Amount	Description
202407	\$-23,269.25	Inventory of Work Orders
202408	\$82,591.57	Transformer/Meter replacements, Pole replacements
Total	\$59,322.32	

Staff requests a motion to approve the Consent Agenda.

10/15/2024 7:52:22 am

RUS Form 219 Inventory Of Work Orders
Period: SEP 2024 **System Designation: WA O9**

Page: 1

Inventory: 202409

Project	Loan	Year	Work Order		Bdgt (3)	Gross Funds Required		Deductions		Contrib In Aid Of Constr and Previous Advances (8)	Loan Funds Subject To Advance By RUS (9)
			Construction (1)	Retirement (2)		Cost Of New Constr Or Replacements (4)	Cost Of Removal: New Constr Or Replacements (5)	New Construction Or Replacements (6)	Salvage Relating To Retirements Without Replacements (7)		
603 - 7		2023		4023	1	0.00	0.00	23,269.25	0.00	0.00	-23,269.25
						0.00	0.00	23,269.25	0.00	0.00	-23,269.25
Grand Totals:						\$ 0.00	\$ 0.00	\$ 23,269.25	\$ 0.00	\$ 0.00	\$ -23,269.25

55009

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tneal

10/15/2024 7:52:22 am

RUS Form 219 Inventory Of Work Orders
Period: SEP 2024 **System Designation: WA O9**

Page: 4

Inventory : 202409

Budget		
Loan	Project	Amount
1	603 - 7	-23,269.25
Total:		-23,269.25

BORROWER CERTIFICATION

WE CERTIFY THAT THE COSTS OF CONSTRUCTION SHOWN ARE THE ACTUAL COSTS AND ARE REFLECTED IN THE GENERAL ACCOUNTING RECORDS. WE FURTHER CERTIFY THAT FUNDS REPRESENTED BY ADVANCES REQUESTED HAVE BEEN EXPENDED IN ACCORDANCE WITH THE PURPOSES ON THE LOAN, THE PROVISIONS OF THE LOAN CONTRACT AND MORTGAGE, RUS BULLETINS, AND THE CODE OF FEDERAL REGULATIONS RELATIVE TO THE ADVANCE OF FUNDS FOR WORK ORDER PURPOSES. WE CERTIFY THAT NO FUNDS ARE BEING REQUESTED FOR REIMBURSEMENT OF CONSTRUCTION WORK IN A CBRA AREA.

SIGNATURE (MANAGER)

DATE

SIGNATURE (BOARD APPROVAL)

DATE

ENGINEERING CERTIFICATION

I HEREBY CERTIFY THAT SUFFICIENT INSPECTION HAS BEEN MADE OF THE CONSTRUCTION REPORTED BY THIS INVENTORY TO GIVE ME REASONABLE ASSURANCE THAT THE CONSTRUCTION COMPLIES WITH APPLICABLE SPECIFICATIONS AND STANDARDS AND MEETS APPROPRIATE CODE REQUIREMENTS AS TO STRENGTH AND SAFETY. THIS CERTIFICATION IS IN ACCORDANCE WITH ACCEPTABLE ENGINEERING PRACTICE.

INSPECTION PERFORMED BY

FIRM

LICENSE NUMBER

DATE

SIGNATURE OF LICENSED ENGINEER

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Orcas Power & Light Cooperative

Rev: 202303050744

10/15/2024 7:52:22 am

RUS Form 219 Inventory Of Work Orders
Period: SEP 2024 System Designation: WA O9

Page: 3

Inventory: AV2409

Project	Loan	Year	Work Order		Bdgt (3)	Gross Funds Required		Deductions		Contrib In Aid Of Constr and Previous Advances (8)	Loan Funds Subject To Advance By RUS (9)
			Construction (1)	Retirement (2)		Cost Of Construction: New Constr Or Replacements (4)	Cost Of Removal: New Constr Or Replacements (5)	Salvage Relating To New Construction Or Replacements (6)	Retirements Without Replacements (7)		
1600		2023	3985		1	33,689.58	0.00	0.00	0.00	0.00	31,987.58
1600		2023	4034	4034	1	6,210.39	0.00	0.00	AFUDC: 1,702.00	0.00	5,913.42
1600		2023	4261	4261	1	23,698.06	0.00	0.00	AFUDC: 296.97	0.00	23,474.55
1600		2023	4300	4300	1	11,589.01	0.00	0.00	AFUDC: 223.51	0.00	11,531.93
1600		2023	4315	4315	1	9,742.40	0.00	0.00	AFUDC: 57.08	0.00	9,684.09
									AFUDC: 58.31		
						84,929.44	0.00	0.00	0.00	0.00	82,591.57
Grand Totals:						\$ 84,929.44	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 82,591.57

Minor Construction Work Orders

Work Order: 3985 - MOVE TRANSFORMER SOUTH, OUT OF BAD LOCATION

Work Order: 4034 - REPLACE OLD RR AND MOVE AWAY FROM LARGE ROOTS

Work Order: 4261 - REPLACE TRANSCLASURE WITH SHRUBLINE TRANSFORMER

Work Order: 4300 - REPLACE TC WITH STD PAD MOUNT XFMR

Work Order: 4315 - CONVERT OH XFMR TO UG, RAISE SECONDARY FOR ROAD CLEARANCE

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tncal

Orcas Power & Light Cooperative

Rev: 202303050744

10/15/2024 7:52:22 am

RUS Form 219 Inventory Of Work Orders
Period: SEP 2024 System Designation: WA O9

Page: 6

Inventory: AV2409

Budget		
Loan	Project	Amount
1	1600	82,591.57
Total:		82,591.57

ENVIRONMENTAL CERTIFICATION

- 1 ☐ WE CERTIFY THAT CONSTRUCTION REPORTED ON THE LISTED WORK ORDERS (EXCEPT CERTIFICATION "2" BELOW), IS A CATEGORICAL EXCLUSION OF A TYPE DESCRIBED IN 7 CFR 1970 WHICH NORMALLY DOES NOT REQUIRE PREPARATION OF A BORROWER'S ENVIRONMENTAL REPORT.
- 2 ☐ WE CERTIFY THAT CONSTRUCTION REPORTED ON WORK ORDERS IS A CATEGORICAL EXCLUSION OF A TYPE THAT NORMALLY REQUIRES A BORROWER'S ENVIRONMENTAL REPORT WHICH IS ATTACHED.

SIGNATURE (MANAGER)

DATE

BORROWER CERTIFICATION

WE CERTIFY THAT THE COSTS OF CONSTRUCTION SHOWN ARE THE ACTUAL COSTS AND ARE REFLECTED IN THE GENERAL ACCOUNTING RECORDS. WE FURTHER CERTIFY THAT FUNDS REPRESENTED BY ADVANCES REQUESTED HAVE BEEN EXPENDED IN ACCORDANCE WITH THE PURPOSES ON THE LOAN, THE PROVISIONS OF THE LOAN CONTRACT AND MORTGAGE, RUS BULLETINS, AND THE CODE OF FEDERAL REGULATIONS RELATIVE TO THE ADVANCE OF FUNDS FOR WORK ORDER PURPOSES. WE CERTIFY THAT NO FUNDS ARE BEING REQUESTED FOR REIMBURSEMENT OF CONSTRUCTION WORK IN A CBRA AREA.

SIGNATURE (MANAGER)

DATE

SIGNATURE (BOARD APPROVAL)

DATE

ENGINEERING CERTIFICATION

I HEREBY CERTIFY THAT SUFFICIENT INSPECTION HAS BEEN MADE OF THE CONSTRUCTION REPORTED BY THIS INVENTORY TO GIVE ME REASONABLE ASSURANCE THAT THE CONSTRUCTION COMPLIES WITH APPLICABLE SPECIFICATIONS AND STANDARDS AND MEETS APPROPRIATE CODE REQUIREMENTS AS TO STRENGTH AND SAFETY. THIS CERTIFICATION IS IN ACCORDANCE WITH ACCEPTABLE ENGINEERING PRACTICE.

INSPECTION PERFORMED BY

FIRM

LICENSE NUMBER

DATE

SIGNATURE OF LICENSED ENGINEER

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Orcas Power & Light Cooperative
Minutes of the Board of Directors Meeting
Thursday, October 17, 2024

Streaming through Zoom attendees were Board members Vince Dauciunas, Brian Silverstein, Mark Madsen, Tom Osterman, Jerry Whitfield, and Wendy Hiester. Staff present were General Manager Foster Hildreth; Manager of Engineering and Operations Russell Guerry; Manager of Finance and Member Services Nancy Loomis; Communications Manager Krista Bouchey; Head Accountant Travis Neal; Special Projects Office Coordinator Beth Stanford (serving as recording secretary); and Communications Specialist Johanna Lange. Also present were Legal Counsel Joel Paisner, and consultant Jay Kimball.

Members in attendance: Chom Greacen, Christ Greacen, Chris Wolfe, Robert Dashiell, and Barbara Pesola

Meeting commenced at 8:33 a.m.

Member Comment Period: Chom and Chris Greacen of Lopez Island made comments regarding rates.

ACTION ITEMS

CONSENT AGENDA

MOTION was made by Madsen, to accept the consent agenda, seconded by Whitfield and passed unanimously by voice vote.

2024 Audit and Tax Engagement Letters

MOTION was made by Silverstein, to authorize General Manager Foster Hildreth to execute the letters, seconded by Madsen and passed unanimously by voice vote.

Subscriber's Agreement and POA of Federated Rural Electric Insurance Exchange

MOTION was made by Madsen, to authorize General Manager Foster Hildreth to sign the document related to the procurement of insurance on behalf of the Cooperative, seconded by Silverstein and passed unanimously by voice vote.

DISCUSSION ITEMS

Reminder: December 2024 Board Meeting: The December 2024 Board Meeting has been changed after a poll was unanimously approved by the Board through email on October 14, 2024.

Communications Outline: Staff reviewed OPALCO's communication strategy that aims to educate members on the transition to locally produced renewable energy and the challenges posed by climate change, rising electricity costs, and the need for reliable power. Key initiatives for 2025 include the Island Way Campaign, an in-person annual meeting, the Bailer Hill Community Solar Project, the Tidal Generation Pilot Project, alongside ongoing efforts in advertising, member communication, and public affairs. Discussion ensued.

2025 Budget Drivers: Staff reviewed weather conditions that influence heating degree days and budgeting for kwh sales. Discussion ensued.

REPORTS

Staff reviewed reports, dashboards, grant and budget tracking, ongoing cooperative-wide safety measures and training, and project updates including the delays with San Juan County involving the Bailer Hill Project.



Regular Session ended: 9:53 am

Break: 9:53 am – 10:13 am

Executive Session: 10:13 am – 10:34 am

Re-entered Regular Session: 10:34 am

Meeting Closed: 10:36 am

Vince Dauciunas, President

Tom Osterman, Secretary-Treasurer

OPALCO BUDGET 2025

Under separate cover you will find the complete 2025 Budget Presentation. Consistent with last year's projections, staff is recommending a 6% average rate increase for the 2025 budget year and forecasting 6% over the following four years. Staff is recommending that our 2025 budget revenue increase from \$39.7M (projected 2024) to \$42.8M to meet our financial, operational and capital project commitments. The projected figures for the years 2026 through 2029 are for reference only, as future years will be reviewed annually during our normal budgeting process.

OPALCO had very high statistics for power reliability throughout 2024 (99.9%) as we continue to future proof the power grid throughout the islands. Upgrading major substations like we did with the Friday Harbor Substation this year (and are projected to do for the Eastsound Substation in the coming years) will enable predicted load growth and increased redundancy. The first quarter of 2025 is expected to be a cold weather period. As included in the 2025 budget load forecast, OPALCO is expected to sell more power, which will keep the rate increase at 6% as we have been forecasting the last several years.

The revenue required to meet our financial obligations is broken up evenly into three categories as follows:

- Power Costs: Rising by ~18% when incorporating all cost factors including losing the BPA power dividend distribution
- Labor Costs: Continual annual increases based on the union contract
- Capital & Interest Costs: High inflation and rising interest rates

Most major expense categories are rising. This is driving higher power bills for OPALCO members for 2025 and into the foreseeable future. OPALCO will continue to encourage members to utilize our on-bill financing program, Switch It Up, to encourage beneficial electrification and conserve energy which will help members save money on their rising bills and save energy for the planet.

OPALCO also needs to prepare for upcoming challenges:

- Financially intensive capital projects (submarine cable replacements and substation upgrades)
- Increasing cost of power in our region due to legislative mandates
- Climate change driven weather volatility
- NIMBY sentiments making it difficult to get renewable energy projects completed
- Load growth due to electrification of heating and transportation

The OPALCO team is positioned to face these challenges with a strong and committed Board of Directors, leadership team, and staff.

2025 Focus

The Island Way Campaign will continue to tell the big regional story and to inspire the membership to get involved as we work towards the carbon free energy world. Communication efforts will continue to get out the needed information about this big energy transition story of rising costs and lack of clean energy sources.



OPALCO will have an in-depth rate analysis to determine the future of power rates and how to fairly allocate the cost throughout the membership. OPALCO's rates continue to collect the revenue needed for fixed costs through our variable energy costs. Energy usage varies year-to-year due to weather fluctuation that can lead to revenue shortfalls. Throughout 2025, OPALCO will have presentations and analyses of a variety of solutions – there will be a priority to engage the membership along the way. This is a critical topic that has no easy answer. The analysis will weigh out the pros and cons of differing rate structures and will need to avoid rate shock. Additionally, OPALCO wants to encourage all electric homes while discouraging wasteful energy usage.

OPALCO has a strong internal culture, and the next generation of employees are here and ready to take the company forward. Staffing levels were only 46 employees through 2024 due to unexpected departures and due to the highly competitive environment for qualified line workers among electric cooperatives. OPALCO filled four open positions in 2024 and expects to fill six more vacancies in 2025 to bring the total FTE up to 51. With housing scarcity and inflationary cost of living challenges, hiring has been difficult. OPALCO is budgeting for worker housing to be developed on the back lot of the Eastsound headquarters in 2025 to address employee hiring challenges.

Inflation is driving escalating expense in the budget: supply chain issues, rising cost of materials and hiring costs are all contributing to a higher cost of service for the same level of system reliability.

OPALCO is committed to programs that help its most vulnerable members keep up with the rising cost of power. The 2025 Budget once again raises the Energy Assist bill credit amounts to offset the rate increase. Additionally, OPALCO will continue to support and promote Project Pal for low-income members.

The 2025 budget continues to align our operations to the mission statement of providing safe, reliable, cost effective, and environmentally sensitive utility services. This budget prepares OPALCO to meet the marks set out in our energy road map:

TODAY: Make the most of our available resources. Incentivize transitioning to all electric homes and allowing the membership to install rooftop solar and battery storage projects through the Switch it Up program. Reduce members' total energy budget through electrification of transportation and heating.

TOMORROW: Increase local resilience. Embrace as much local utility-scale renewable energy generation as the co-op membership supports. Leverage the dynamic grid and build emergency back-up power for emergency services. Prepare for grid parity when renewables (local and regional) will be less expensive than our mainland power provider. Explore demand response programs to reward time of use and peak shaving technologies. Explore rate structure options that guarantee collection of revenue to cover fixed costs of operations.

FUTURE: Give members more control. With the devices and connections OPALCO and Rock Island facilitate, members will participate more actively in making decisions about their power usage in response to real time price signals and demand response. OPALCO's system must evolve to



include the equipment, automated control and power supply capacity necessary to manage full adoption of EVs, local distributed power generators and battery storage units – as well as smart home appliances and devices.

The 2025 budget includes some key capital projects:

- Bailer Hill Microgrid Project (on San Juan Island) delayed due to the San Juan County permitting process
- Eastsound substation transformer purchasing
- Center Island submarine cable replacement project (delayed from 2024);
- Jackson Beach Pole Relocation in collaboration with the San Juan County Salmon Recovery Project
- Continue replacement of URD distribution and transmission poles
- Right-of-way clearing continues to be top priority throughout the County to safeguard our service territory against wildfire risk

The rate increases forecast for the next four years must reposition the Co-op's equity for major capital projects on the horizon including several costly submarine cable replacement projects.

Staff recommends the Board make a motion to approve the 2025 budget as submitted, including a 6% rate increase to be applied equally across the fixed and energy charges. Individual tariffs would come before the Board for a second read in December with the increase applied to all tariffs for review and approval.

Special Retirement to Uncollectable Accounts

On an annual basis and prior to the general retirement, staff performs a special retirement to delinquent member accounts to partially collect unpaid balances by offsetting with capital credit balances. Staff has transferred delinquent inactive accounts to an uncollectable account (UA) status. The next step in this process is to proportionately apply previously allocated member capital credits to UA balances.

It is important to note that our billing software 'flags' accounts and associated capital credit payment processes when member accounts are transferred to the status of uncollectable. When staff processes the year-end check run to pay allocated member capital credits, our software will first pay uncollectable account balances before issuing a capital credit check for any remaining balance.

Staff is requesting that \$5,049 of member capital credits be applied to UA balances. The member capital credit allocation transfers are as follows:

Capital Credits Applied to UA Balance	\$5,049
Discounted Capital Credits Remain in Equity	26,759
Total Capital Credits Retired	\$31,808

Staff recommends the board make a motion to approve the use of member allocated capital credits to reduce and/or offset individual member delinquent UA balances as referenced in the Capital Credit /Bad Debt Payment Program report.

General Retirement of Capital Credits

The purpose of this memorandum is to obtain Board approval to fund the general retirement of capital credits. Staff are continuing with the concept of smoothing, whereby we fund the remaining unretired balance from 1999, and a portion of 2000 as follows.

Year (% of unretired)	Retirement	Projected Checks
1999 (~100%)	\$680,558	~\$510,412
2000 (~47%)	\$819,451	~\$614,588
Total	\$1,500,000	~\$1,125,000

Please note, the difference between the Retirement and Projected Checks above are individual members who in most cases have inactive accounts, moved out of the service territory, and have not updated their contact information.

This will continue our 25-year retirement rotation and capital credit retirement smoothing methodology established by the board in December 2017. As a reminder, smoothing the annual general retirements produces a predictable schedule that will allow us to not only stay ahead of the 25-year retirement schedule, but also avoid fluctuations in margins, cash and equity stemming from capital credits.

Staff is requesting a motion to approve the payment and retirement of capital credits for the remainder of 1999 and a portion of 2000, as outlined above.

Sale of Property from OPALCO to Rock Island

Rock Island construction activity has grown dramatically this year, especially since the award of ARPA grant funding. The majority of inventory is housed at the old “generation plant” on Orcas (Gen Plant). As a part of our accounting “inter-company transfer” accounts, Rock Island currently leases the Gen Plant from OPALCO.

The Gen Plant buildings are in disrepair and need lots of work to remain useable. Rock Island is in the process of allocating funds to fix some much-needed deferred maintenance. A great option under consideration is to use CoBank funding (headroom portion of funding from partially paying back startup loans. One of CoBank’s requirements is for Rock Island to officially own the property rather than lease it from OPALCO. OPALCO staff are proposing to formally transfer the ownership of the “Gen Plant” to Rock Island (Island Network LLC).

Staff has been working with our auditors Moss Adams to solidify our valuation approach to satisfy IRS “arm’s length” standards for property transfer. OPALCO Bylaws (Article X-Disposition of Property, Section 1. Sale or Transfer) require staff to obtain Board approval to buy, sell or transfer OPALCO property. Staff will be available to answer Board questions at the meeting.

Staff request that the Board go into Executive Session for discussion. After discussion in Executive Session, return to Regular Session to make a motion to approve the sale/transfer of the Gen Plant property to Rock Island.

DISCUSSION ITEMS

Q3 Financials

The 2024 Q3 Financial Report is distributed under separate cover. Summary below.

The 2024 third quarter financial report is posted online and included under separate cover. The third quarter results are consistent with the budget. Included in the report package are the Statement of Revenues and Margins (along with a notable driver analysis), Balance Sheet, Statement of Cash Flows (GAAP), and capital projects budget tracking.

The energy charge adjustment (ECA) collected a net \$6k from the membership through Q3 2024 which was driven by an increase in power costs in Q3 of \$83k. Overall operating revenue was higher than the budget, corresponding with higher kWh sales.

The table below presents the projection of full-year 2024 financial results using actuals from Q3 and budget projections for future months.

Income Statement Summary (in thousands)	2024 Projection (actuals for prior months)		
	Budget	Projected	Variance
Operating Revenue	\$ 37,407	\$ 39,585	\$ 2,178
ECA Surcharge / (Credit)*	\$ -	\$ 74	\$ 74
Revenue	\$ 37,407	\$ 39,659	\$ 2,252
Expenses:			
Cost of Purchased Power	\$ 9,159	\$ 9,344	\$ 185
Transmission & Distribution Expense	9,343	8,723	(620)
General & Administrative Expense	7,064	6,250	(814)
Depreciation, Tax, Interest & Other	9,306	9,235	(71)
Total Expenses	34,872	33,552	(1,320)
Operating Margin	2,535	6,107	3,572
Non-op margin	673	843	170
Net Margin*	\$ 3,208	\$ 6,950	3,742
OTIER	2.19	4.01	1.82
TIER	2.50	4.42	1.92
Equity %	40.3%	43.4%	3.1%
HDD	1,029	943	(86)
kWh Purchases	219,000	229,725	10,725
kWh Sales	208,000	217,106	9,106

* The ECA collected a net \$74k from members through October 2024.

2025 Tariffs – First Read

The tariff chart below specifies the rates needed to meet the revenue requirements contained in the 2025 budget. The second read of the tariffs will occur in December Board Meeting. At that time, staff will be prepared to answer specific questions about rate component allocations and alternatives. No action required at this time.

Residential	Charge (Credit)	Energy Assist	Charge (Credit)
Service Access Charge (\$/Service/Month)	\$59.99	Energy Assistance Program (\$/kWh)	\$0.00094
Energy Assistance Program (\$/kWh)	\$0.00094	Household Size (\$ Credit/Month)	
Energy Rates (\$/kWh)		1	(\$38.93)
Summer		2	(\$46.36)
Block 1 < 2,000 kWh	\$0.1351	3	(\$53.79)
Block 2 2,000 kWh to 3000 kWh	\$0.1531	4	(\$61.22)
Block 3 > 3,000 kWh	\$0.1762	5	(\$68.65)
Winter		6+	(\$76.09)
< 4,000 kWh			
4,000 kWh to 5,000 kWh			
> 5,000 kWh			
Residential TOU	Charge (Credit)	Private Outdoor Lighting	Charge (Credit)
Service Access Charge (\$/Service/Month)	\$72.12	Billing Charge (\$/Service/Month)	\$3.48
Energy Assistance Program (\$/kWh)	\$0.00094	Fixture Charge (\$/Service/Month)	\$15.64
Energy Rates (\$/kWh)		Energy Rates (\$/kWh)	
TOU Period 1 (6 AM - Noon)	\$0.2238	100 Watt Light (and LED Equivalent)	\$5.76
TOU Period 2 (Noon - 6 PM)	\$0.1344	200 Watt Light (and LED Equivalent)	\$11.69
TOU Period 3 (6 PM - 8 PM)	\$0.2238		
TOU Period 3 (8 PM - 6 AM)	\$0.0609		
Small Commercial (<20 kW)	Charge (Credit)	Line Retention	Charge (Credit)
Service Access Charge (\$/Service/Month)	\$83.71	Service Access Charge (\$/Service/Month)	\$53.87
Energy Assistance Program (\$/kWh)	\$0.00094		
Energy Rates (\$/kWh)			
Block 1 (< 5,000 kWh)	\$0.1333		
Block 2 (> 5,000 kWh)	\$0.1476		
Demand Rates (\$/kW)			
First 20 kW (Flat Rate)	\$7.97		
Large Commercial (> 20kW)	Charge (Credit)	Deposits and Charges	Charge (Credit)
Service Access Charge (\$/Service/Month)	\$83.71	New Members	
Energy Assistance Program (\$/kWh)	\$0.00094	Membership Fee	\$5.00
Energy Rates (\$/kWh)		Deposits (Refundable):	
Block 1 (< 5,000 kWh)	\$0.1209	Residential/Residential TOU	\$250.00
Block 2 (5,000-150,000 kWh)	\$0.1341	Commercial (Small/Large)	TBD*
Block 3 (>150,000 kWh)	\$0.1787		
Demand Rates (\$/kW)			
Block 1 (< 300 kW)	\$4.90		
Block 2 (> 300 kW)	\$7.35		
Pumps	Charge (Credit)	*Amount determined by OPALCO. Surety bond required in amount of deposit	
Service Access Charge (\$/Service/Month)	\$53.87	New of Transfer Service	\$25.00
Energy Assistance Program (\$/kWh)	\$0.00094	Returned Payment Charge	\$30.00
Energy Rates (\$/kWh)		Late Payment Charge (applied to current charges)	5%
0 - 370 kWh	\$0.1436	Disconnect/Reconnect Fees	
370-5,000 kWh	\$0.1151	Disconnect Notice	\$10.00
Over 5,000 kWh	\$0.1398	Door Tag Fee	\$50.00
Demand Rates (\$/kW)		Reconnect (After Disconnt for Non-payment)	
First 20 kW (Flat Rate)	\$1.52	During OPALCO business hours	\$75.00
Over 20 kW	\$4.96	Outside of OPALCO business hours	\$200.00
Residential Renewables	Charge (Credit)	Seasonal Reconnect (after disconnected for two (2) or more consecutive billing periods)	
Service Access Charge (\$/Service/Month)	\$59.99	During OPALCO business hours	\$300.00
Energy Assistance Program (\$/kWh)	\$0.00094	Outside of OPALCO business hours	\$400.00
Consumed Energy (from Grid) Rates (\$/kWh)		Member Caused Outage	Actual Cost
Summer		Meter Seal Breakage	\$100.00
Block 1 < 2,000 kWh	\$0.1351	Meter Test Fee (at member's request)	
Block 2 2,000 kWh to 3000 kWh	\$0.1531	Performed by OPALCO	\$200.00
Block 3 > 3,000 kWh	\$0.1762	Performed by other qualified person	\$2.00
Produced Energy (to Grid) Rates (\$/kWh)		**OPALCO will refund cost of meter testing if proven in error by more than two percent (2%)	
Renewable Generation Credit	(\$0.0990)		
Grid Usage Charge	\$0.0130		
Commercial Renewables	Charge (Credit)		
Service Access Charge (\$/Service/Month)	\$83.71		
Energy Assistance Program (\$/kWh)	\$0.00094		
Consumed Energy (from Grid) Rates (\$/kWh)			
Block 1 (< 5,000 kWh)	\$0.1209		
Block 2 (5,000-150,000 kWh)	\$0.1341		
Block 3 (>150,000 kWh)	\$0.1787		
Produced Energy (to Grid) Rates (\$/kWh)			
Renewable Generation Credit	(\$0.0990)		
Grid Usage Charge	\$0.0130		
Demand Rates (\$/kW)			
Block 1 (< 300 kW)	\$4.89		
Block 2 (> 300 kW)	\$7.34		

REPORTS

General Manager

DASHBOARDS

Please review the dashboards at <https://www.opalco.com/dashboards>. Note that all the dashboards are within board approved strategic parameters.

Finance

- Budget Variance
- TIER/Margin
- Expense
- Cash
- Power Cost
- Purchased Power
- Annual Power Metrics
- Capital
- Debt/Equity
- WIP
- Income Statement Trends

Member Services

- Disconnects
- Uncollectable Revenue
- PAL
- EAP
- Membership
- Service Additions
- Annual Service Additions
- Revenue Dist. By Rate

Outage

- Historical SAIDI - Graph
- Historical SAIDI - Figures
- Outage Stats – Rolling 12 Mo
- Outage Stats – Monthly
- SAIDI by Category
- Outage Summary

QUICKFACTS

Please review the Quick Facts at <https://www.opalco.com/newsroom/quick-facts/>.

- OPALCO's Plan for our Energy Future
- Decarbonization – 4 Part Series
- Switch It Up!
- WA 2021 Energy Strategy
- Simpson Proposal and the Northwest Energy Evolution
- Will there be enough power?
- OPALCO Rates
- Energy Independence? Not entirely
- Rock Island Communications
- OPALCO election process
- Wireless Services
- Cost of Service
- Staff Compensation
- NRECA
- OPALCO Debt and Capital Projects
- Ocean Health
- NW Resource Adequacy in a Rapidly Decarbonizing World
- Land for Renewable Energy Projects
- Understanding the Change in Solar Rates
- Decatur Island Battery Storage Project
- Why Hydropower is Important to our Power Supply
- Where does OPALCO stand on regional issues and the dams?
- Future Power Purchase Strategy
- Industry Association Memberships and Co-op Benefits
- Climate Change News Review - September 2022
- OPALCO Tidal Energy Pilot Project
- Solar Rate for Residential Members
- Right-of-Way Program
- Inflation Reduction Act (IRA) Benefits
- Wildfire Mitigation
- Surge Protection
- OPALCO Needs a New Submarine Cable
- Data Centers

ENGINEERING, OPERATIONS, AND INFORMATION TECHNOLOGIES

WIP

As of November 13, 2023, there are 327 work orders open totaling \$17.0M. Operations has completed construction on 128 work orders, totaling \$7.4M, noting that the Friday Harbor Substation constituting a majority of this cost.

November 12 Outage

An outage occurred on November 12 at approximately 10 PM, triggered by high winds reaching sustained speeds of around 50 mph from the southeast. The outage affected the west two-thirds of Orcas Island and all of Shaw Island. The outage lasted for almost 2 hours and affected about 4000 meters. Lopez was out of power for 38 minutes and affected 535 members.

The cause was identified as a tree down on the power line along the Orcas/Shaw circuit, located on Lopez Island. Lopez crews were immediately dispatched to address the issue. In the meantime, Orcas crews began rerouting power to Eastsound Village through the Decatur Island feed to minimize disruption. Power was successfully restored to all affected areas just before midnight.

Watch this short video from the crew working to repair this outage:

<https://www.facebook.com/reel/563926776124587>





Safety

Northwest Safety Service conducted Substation Bypass training in October and Mayday training in November. The total current hours worked without a loss time accident 7,938 hours. In October, there was a non-critical loss time accident resulting in a reset of hours without loss time.

Grants

Grant Seeking

Grant Program / partner	Funder	Project Title (\$\$)	Grant \$\$	Matching \$\$	Timeline
Water Power Technology Office	DOE	Pilot Tidal Project (\$60M)	\$35M	\$25M	Determination in 11/2023
Clean Energy Fund 5 / partner to Port of Orcas	WA Dept of Commerce	EV Charging Project – Orcas	n/a	n/a	TBD
Grid Resilience Program	WA Dept of Commerce	Eastsound Substation	\$3M	\$3.15M	TBD

Grant Awards

Grant Program / partner	Funder	Project Title (\$\$)	Grant \$\$	Matching \$\$	Timeline / Notes
Zero Energy Vehicle Infrastructure (ZEVI) / partner with OPAL CLT	Bonneville Environmental Foundation	EV Chargers for OPAL Neighborhoods (\$45k)	\$25k	\$20k	Working with OPAL Install in 2025
Remote Communities Broadband ARPA	WA State Broadband Office	Last Mile Broadband	\$15M		Construction in Process
Clean Energy Fund 3 Grid Modernization	WA Dept of Commerce	Bailer Hill Microgrid	\$2.4M	\$2.4M	Land Use Permitting
Clean Energy Fund 4 Grid Modernization	WA Dept of Commerce	Friday Harbor Ferry Electrification Prelim Design	\$150k	\$150k	Q4 2024
Clean Energy Fund 3 Grid Modernization	WA Dept of Commerce	Low Income Solar – Bailer Hill Microgrid	\$1M	\$1M	Land Use Permitting

FINANCE

2024 Budget Tracking

Energy (kWh) sales were higher than budgeted levels through September 2024. The table presents the full year 2024 projection with actuals for prior months where available.

Income Statement Summary (in thousands)		2024 Projection (actuals for prior months)		
		Budget	Projected	Variance
Operating Revenue	\$	37,407	\$ 39,585	\$ 2,178
ECA Surcharge / (Credit)*	\$	-	\$ 74	\$ 74
Revenue	\$	37,407	\$ 39,659	\$ 2,252
Expenses:				
Cost of Purchased Power	\$	9,159	\$ 9,344	\$ 185
Transmission & Distribution Expense		9,343	8,723	(620)
General & Administrative Expense		7,064	6,250	(814)
Depreciation, Tax, Interest & Other		9,306	9,235	(71)
Total Expenses		34,872	33,552	(1,320)
Operating Margin		2,535	6,107	3,572
Non-op margin		673	843	170
Net Margin*	\$	3,208	\$ 6,950	3,742
OTIER		2.19	4.01	1.82
TIER		2.50	4.42	1.92
Equity %		40.3%	43.4%	3.1%
HDD		1,029	943	(86)
kWh Purchases		219,000	229,725	10,725
kWh Sales		208,000	217,106	9,106

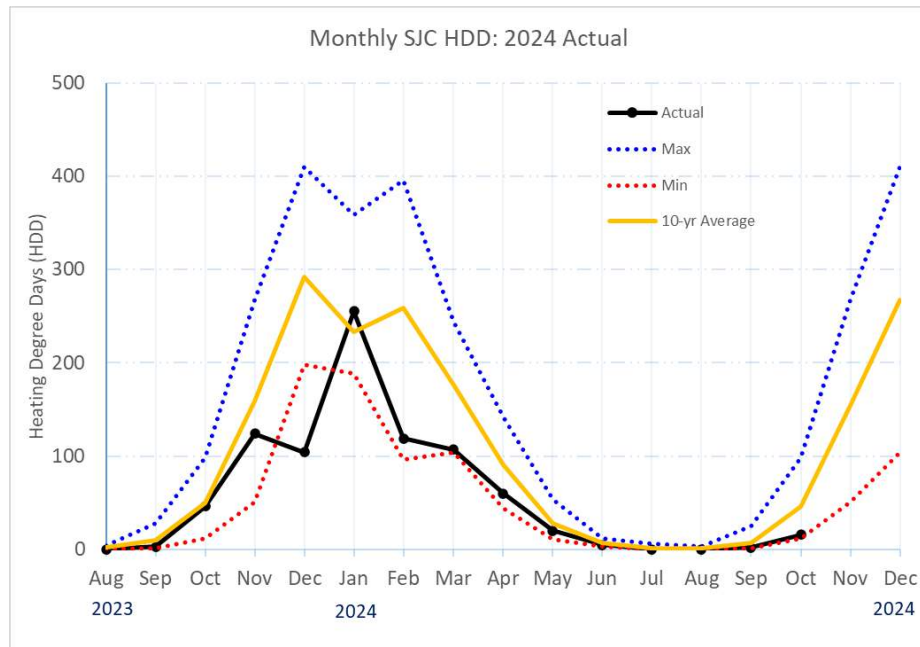
* The ECA collected a net \$74k from members through October 2024.

Monthly Energy Charge Adjustment (ECA)

The October 2024 ECA collected \$68,308 to members, or \$4.81 per 1,000 kWh. The November billing period ECA is projected to be a bill surcharge of \$.007946 per kWh on member bills, or \$7.95 per 1,000 kWh. The exact amount of the ECA is an estimation based on known kWh sold and a recalculation of our contractual power bill, which may occasionally include other one-time factors or adjustments.

Heating Degree Days (HDD)

This year followed average HDD trends, and we expect fourth quarter 2024 and first quarter 2025 to be trending slightly cooler. We continue to monitor weather trends monthly.

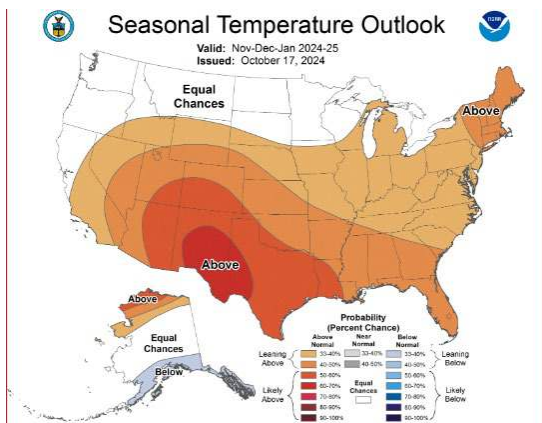


*max, min, avg is based on 10 year average

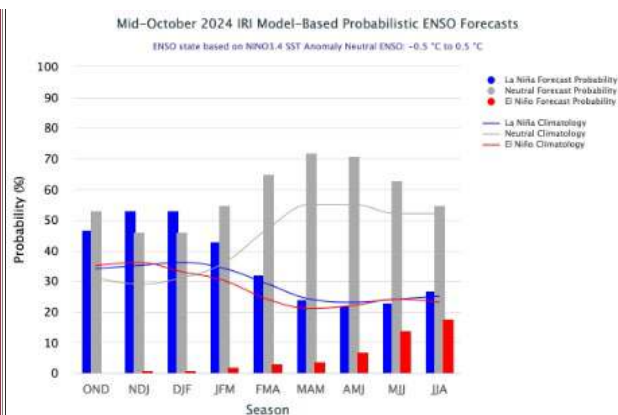
Weather Forecast

Looking ahead to the NOAA 'three-month outlook temperature probability' for Nov-Dec-Jan '24-'25, the outlook is currently showing a neutral to slightly La Niña temperature condition in our region in the upcoming winter season. The models in the International Research Institutes' (IRI) ENSO (weather) prediction forecast a shift to a slight La Niña to neutral conditions into the fall and upcoming winter. We continue to monitor these predictors monthly.

2024-25 Nov-Dec-Jan Outlook



Source: NOAA National Weather Service





MEMBER SERVICES

Annual History of Energy Assistance Funding

All values are as of first of the month reported.

		2018	2019	2020	2021	2022	2023	2024	Grand Total
Energy Assist Credit	# of Accounts	444	460	574	577	546	519	490	1,173
	Total Assistance	111,996	135,595	158,434	158,740	156,761	141,748	134,893	998,168
PAL	# of Accounts	212	205	329	363	297	268	150	857
	Total Assistance	45,155	53,137	80,975	104,880	82,912	80,500	37,750	485,310
EAP Residential - COVID	# of Accounts			88	74	63			98
	Total Assistance			21,535	27,606	8,348			57,489
EAP Commercial - COVID	# of Accounts			107	97	79			119
	Total Assistance			73,340	87,233	21,998			182,570
PAL - COVID	# of Accounts			131	122				222
	Total Assistance			15,000	12,200				27,200
Grand Total	# of Accounts	460	488	835	825	754	584	516	1,505
	Total Assistance	157,151	188,732	349,283	390,659	270,018	222,248	172,643	1,750,736

Note: EAP funds are collected, primarily, from a program OPALCO created by including a line item on all OPALCO member bills. Additional funds are directed to the EAP from the Decatur Solar Project (10% of all production credits). In 2020/2021, additional funds (not included in this chart) were paid out to members who were impacted by COVID. The “# of Accounts” are the distinct accounts assistance was provided to over the year or as a total. The “Total Assistance” varies based on single account adjustments.

EAP: During October 2024, 300 members received ~ \$12.8k from the low-income Energy Assist program, compared to 268 members who received ~ \$10.6k in assistance in October 2023.

Project Pal: As of November 1st, Project PAL award season has begun, and Member Services staff are currently processing applications and awards.

LIHEAP: During October we have noticed an increase in LIHEAP award notifications from the Opportunity Counsel.

Switch it Up!

OPALCO can utilize \$46.8M in Rural Energy Savings Program (RESP) funds to provide on-bill financing for co-op members for energy efficiency measures. OPALCO is reimbursed for the funds once member measures are installed. There are now 819 projects completed and billing for a total of \$14.8M net outstanding (total projects less member pay-offs). There are another 40+ projects in various stages of the process. Current project details are as follows:

Measure	Project Origination Year						Grand Total
	2019	2020	2021	2022	2023	2024	
Appliance					36,112	53,812	\$ 89,924
Energy Storage				39,510	8,204	47,766	\$ 95,479
Ductless Heat Pump	648,252	620,060	641,765	1,571,737	1,781,049	2,074,920	\$ 7,337,782
EV Charger						32,129	\$ 32,129
Fiber		30,725	48,681	29,301	41,929	54,054	\$ 204,690
Ducted Heat Pump	8,119	30,000	15,000	18,127	956,159	381,362	\$ 1,408,767
Heat Pump Water Heater	13,985	9,805		5,012	15,701	6,022	\$ 50,525
Insulation				256,935	42,634	200,005	\$ 499,574
Other	14,543			92,649	188,075	7,878	\$ 303,146
Solar + Storage				480,057	425,011	268,654	\$ 1,173,721
Solar				1,897,659	2,905,686	1,450,450	\$ 6,253,795
Windows				563,557	437,569	393,911	\$ 1,395,038
Grand Total	\$ 684,900	\$ 690,589	\$ 705,446	\$ 4,954,544	\$ 6,838,128	\$ 4,970,962	\$ 18,844,569



The following table shows the utilization of the RUS Rural Energy Savings Program (RESP) loan funds, used to fund the Switch It Up program. These funds are available for use through 2031.

	Total (in millions)	Remaining Available
RESP 1.0	5.80	-
RESP 2.0	15.00	4.00
RESP 3.0	26.00	24.96
	<u>\$ 46.80</u>	<u>\$ 28.96</u>

Energy Savings

During October there were a total of 26 rebates paid out to members totaling ~\$43.8k. This includes nine fuel switching ductless heat pump rebates and six EV charging station rebates.

Member Benefits from Energy Efficiency and Fuel Switching Programs:

OPALCO is committed to helping members prepare for an efficient and sustainable energy future with programs, incentives, and rebates. All values are as of first of the month reported.

		2019	2020	2021	2022	2023	2024	Totals
EE Rebates*	# of Accounts	442	303	147	210	261	173	1,536
	Total Awards	\$228,418	\$167,432	\$149,886	\$227,622	\$313,945	\$214,423	\$1,301,726
	Total Energy Savings (annual kWh)	733,432	783,431	359,269	346,900	440,382	174,979	2,838,393

*BPA includes the cost of the Conservation (Rebate) program in the power bills that OPALCO pays. When members utilize the rebates and OPALCO documents it, the Co-op then gets credited back that amount. In essence, we are overbilled for the rebate program and only get credited if members utilize the rebates. OPALCO is unique in the pool of BPA utilities for consistently using all or most of the available conservation dollars in this program. We have often used conservation funds allocated to other Co-ops that they were unable to use through their member rebate programs.

Solar Programs

Interconnects

There were 11 new interconnect applications submitted during October, with 15 members interconnected with solar for a total of 821. There are an additional 35 members pending connections. (<https://energysavings.opalco.com/member-generated-power/>).

Community Solar

- 1) During the month of September 2024 billing cycles, the [Decatur Community Solar](#) array produced 52,400 kWh. A total of ~\$5,409 was distributed to 263 accounts during September.
- 2) Bailer Hill Solar is contingent on a successful San Juan County Conditional Use Permit, in progress.

Solar Benefits Paid to Members

All values are as of first of the month reported.

		2019	2020	2021	2022	2023	2024	Totals
Decatur Comm Solar	# of Accounts		265	268	262	264	262	
	Total Payments		\$93,734	\$95,497	\$84,658	\$86,983	\$47,331	\$408,203
WA State Incentives*	# of Accounts	256	259	58	57	59	53	742
	Total Payments	\$224,766	\$218,222	\$91,461	\$84,828	\$82,717	\$74,844	\$776,838
MORE**	# of Accounts	144	144	140	135	0	0	563
	Total Payments	\$53,109	\$51,897	\$50,896	\$123,477	\$0	\$0	\$279,379

*The funds paid out to members for the Washington State Incentives are included in OPALCO's state tax bill and then credited when paid out to members.

***The MORE (Member Owned Renewable Energy) program closed to new participants in 2016. Members purchased “green leaves” of renewable power to support local solar producers. OPALCO fully supported this voluntary member program until member interest died out. The program ended September 30, 2022, with a final payout of all program dollars that remained.*

COMMUNICATIONS

Co-op Month Recap

October’s Co-op month giveaways were a huge success. Six different members won swag bags filled with OPALCO branded swag and outage essentials. Throughout the month, we received over 100 comments from members interacting with our social media giveaway posts, and gained valuable insight about how some of our members prefer to be communicated with.

When asked how they get information about outages, 46% of commenters said they use the OPALCO outage website and 42% said they use social media.

We also saw a 70% increase in Facebook followers in October compared to the previous 2 months.



Upcoming Member Events:

We’re excited to host several events in the coming months to discuss our plans and hear your input. Mark your calendars for:

- **Town Hall – OPALCO Tidal Energy Pilot Project**
 - Jan. 21 at 4 pm., San Juan Island
 - Jan. 22 at 5 pm., Orcas Island
 - Jan. 23 at 5 pm., Lopez Island
- **Island Way Workshop: Our Energy Future**
 - Feb. 12 at 5 pm., via Zoom
- **OPALCO Board Candidate Forum**

- March 5 at 5 pm., via Zoom
- **Annual Business Meeting**
 - April 24 at 8:30 am., via Zoom
- **Annual Member Festival**
 - April 25 from 3-5 pm., San Juan Island

These events provide opportunities to learn more and give feedback about OPALCO's initiatives, from our tidal energy pilot project to discussions on our long-term energy future.

Member Engagement

OPALCO's October email newsletter was opened by ~4,000 members and members were most interested in the content on the Friday Harbor Substation and OPALCO's Project Pal program.

OPALCO staff participated in some in person events throughout the month including:

- Touch-A-Truck on San Juan Island
- Truck-or-Treat on Orcas
- Washington Apprenticeship Vocation Career Fair
- Community Wildfire Protection Plan Input Session
- Comprehensive Plan Community Input Session

Events were well attended with lots of great conversations with members about OPALCO, our future energy supply, wildfire prevention right of way needs, ways to communicate with members, and lots of positive feedback for the OPALCO lineworkers.





Election Timeline

Event	Date
Legal Notice for Election (RUS requires minimum 30 days prior to nominating process)	12/14/24 (extra time to avoid holidays)
Member Initiated Bylaw Amendment	12/25/24-1/23/25
Director Applications due to EGC	01/21/25
Nominations posted - (80 days prior to meeting)	02/03/25
Nominations by petition due to office	02/15/25
Nominations by petition posted - (55 days prior to meeting)	02/28/25
Candidate Forum (virtual)	03/05/25
Notice to members/Ballots mailed - (21-50 days prior to meeting)	03/05/24-04/03/25
Election closes - (3 days prior to meeting)	04/21/25
Annual Meeting	04/24/25

It should be noted this will be the that we have three board positions from three different districts as outlined below:

Election Year	District 1 San Juan	District 2 Orcas	District 3 Lopez/Decatur	District 4 Shaw
2025	1B - Madsen		3A - Silverstein	4 - Whitfield
2026	1A - Dauciunas	2B - Onwuneme		
2027		2A - Hiester	3B - Osterman	

* All terms are 3-year terms

Member Comment

Here is a notable member comment that was sent after the power outage on October 26.



"I'm just trying to say thank you to everyone on San Juan Island who helped with the storm and keep our power on or get it back on quickly. You guys always work hard in any element. You rock!" – From Member, Robert

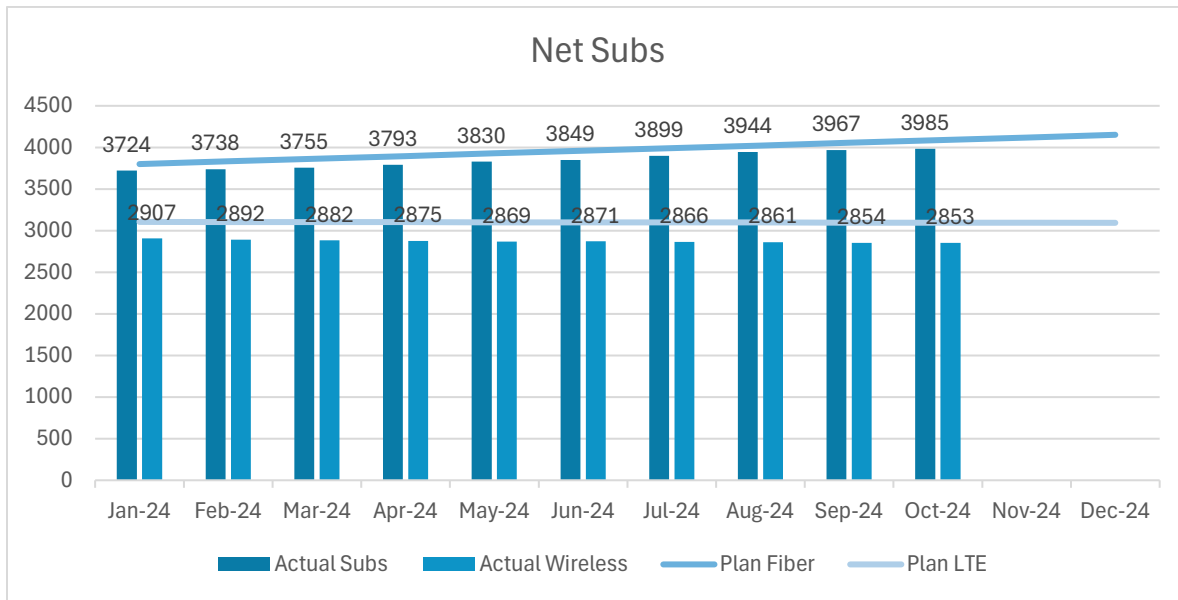
Here is a notable comment that was sent after the power outage on November 12.

Thank you for the heroic service last night in the middle of a huge storm. I am grateful to have hot coffee this morning! - Member Lynn Bahrych

Rock Island Snapshot

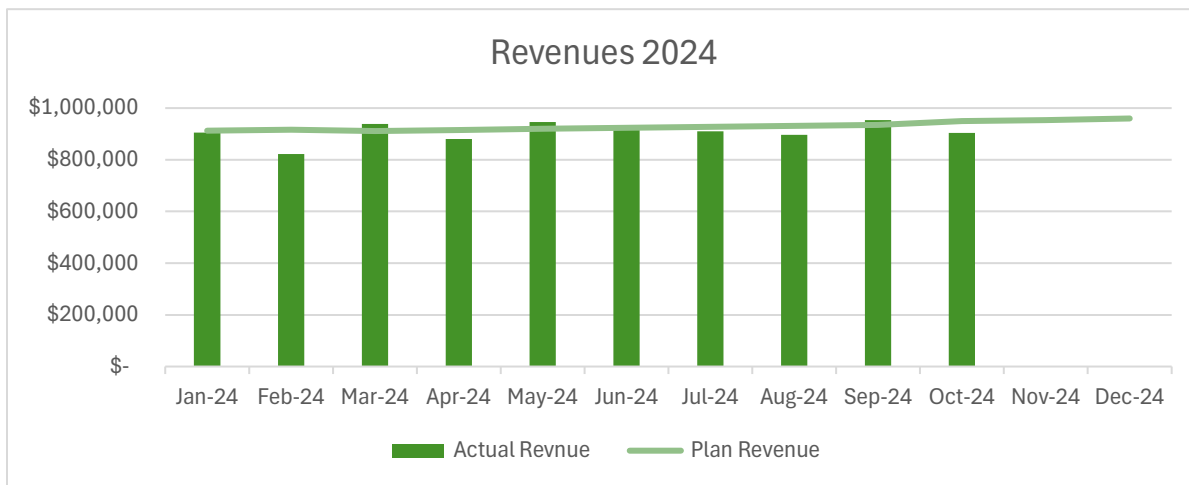
6,652 Rock Island Service Customers

Net Subscribers



456 Fiber Adds to Date

Revenues



Previous months revenues, not closed out, and are subject to change.